

MINUTES
FINANCE COMMITTEE
Meeting: April 14, 2021

Present via Zoom: Jerry Cerasale, Chair; Steve Cole, Vice-Chair; Mary Shaw, Clerk; George Deptula; Russ French; Tom Gardner; Rick Knight; Peter Wade; Jacqui Beebe, Town Administrator (joined about one hour in); Rich Bienvenue, Assistant Town Administrator/Finance Director; Roy Merolli – prospective Finance Committee Member

Jerry Cerasale called the meeting to order at 4:00 PM.

Approval of Minutes

- George Deptula made a motion to approve the minutes of the March 10, 2021 meeting; Rick Knight seconded.
- **Roll call vote: 8-0**

Interview and Vote on Candidates for Finance Committee Appointments

Jerry Cerasale introduced Roy Merolli, candidate for the Finance Committee and asked current Finance Committee members to introduce themselves to him. Roy then introduced himself and described his background in higher education finance and administration, both at public and private institutions in New York, as well as his experience teaching public administration budgeting and innovation. Roy indicated he believes he has the skill set to be helpful on the Finance Committee. Note: This vote is to complete Steven Zbell's term which ends in 2022; it is a Finance Committee appointment.

- Russ French made a motion to appoint Roy Merolli to the Finance Committee; Rick Knight seconded.
- **Roll call vote: 8-0**

Jerry Cerasale indicated Peter Wade's term, another Finance Committee appointment, is ending as of June 30, 2021. Peter agreed to be considered for another term.

- Steve Cole made a motion to re-appoint Peter Wade to the Finance Committee; Russ French seconded.
- **Roll call vote: 8-0**

Discussion and Recommendation of Warrant Articles for June Town Meeting

Jerry Cerasale noted that all votes on the Warrant Articles must take the form of a motion to recommend to the Town that they approve whether or not the Committee is actually voting in favor. Jerry indicated he would draft a letter on items that needed additional comments, as well as a letter for the front of the warrant by the May 1, 2021 due date.

Rich Bienvenue will note any changes as the Articles come up for discussion. Steve Cole noted that the Finance Committee Report should come before the Strategic Planning Committee report in the Warrant.

Article 1 (Authorization & Spending Limits for Revolving Accounts)

- Russ French motioned to recommend to the Town that they approve Article 1; Mary Shaw seconded.
- **Roll call vote: 8-0**

Town of Eastham FY22 Operating Budget - Article 2

Note: This Article will be reviewed and recommend by lines.

Lines 1-28:

There was discussion on how to present the part-time affordable housing salary that will be shared between the operating budget and CPA funds. Ultimately, it was left as presented in the Community Development line. Jerry Cerasale noted he can include this in his letter for clarity.

Rich Bienvenue noted that Line 26 in Educational Services increased to \$3,783,480. In response to a question about summer school, Rich indicated it would not impact the budget as funding would likely come from the American Rescue Plan.

- Steve Cole motioned to recommend to the Town that they approve Article 2, Lines 1-28 with the amendment on Line 26; Russ French seconded.
- **Roll call vote: 8-0**

Lines 29-55:

Rich Bienvenue noted that Line 52, Exempt Debt Services increased to \$4,816,601. The net result of the two increases takes the overall operating budget to \$32,807,105, an increase of \$1,409,420 over FY21 or a 4.49% increase.

- Steve Cole motioned to recommend to the Town that they approve Article 2, Lines 29-55 with the amendment on Line 52; Rick Knight seconded.
- **Roll call vote: 8-0**

Article 2B (Water Enterprise Fund Operating Budget)

The Committee had a lengthy discussion about which water costs need to be allocated to tax payers vs. rate payers (residents using Town water). Ultimately, the Committee decided to address the allocation of costs next year.

- Steve Cole motioned to recommend to the Town that they approve Article 2B; Russ French seconded.
- **Roll call vote: 8-0**

Article 3A (5 Year Capital Plan)

In response to a question, Rich Bienvenue indicated the proposed Senior Center capital project was further in the future than this five-year plan. (Later, Jacqui Beebe noted we are moving to a community center model which is tied in with the T Time project. The Town should have a better idea of how this will play out in the next year or so.)

Similarly with wastewater, we don't get to a large capital spend until FY24. The Town needs to develop a plan and how to fund it; that will take us through next year. The wastewater plan has two parts – the south end of Town which needs to consider estuary impact vs. North Eastham which is tied to the T-Time project. Jacqui Beebe is just getting a draft of plan from the

consultants. Proposed projects then need to go through permitting by Department of Environmental Protection which will take at least a year. Jacqui noted that the Cape & Islands Water Protection Fund Management Board on which she sits, voted to provide a 25% subsidy to wastewater projects over \$1 million. Rich also noted the Town will get about \$500K in American Rescue Plan funds; the county \$44mm. Towns are currently talking with Cape Cod Commission to make those funds available for wastewater. There may be more funds available in the upcoming infrastructure bill.

- Russ French motioned to recommend to the Town that they approve Article 3A; Tom Gardner seconded.
- **Roll call vote: 8-0**

Article 3B (Capital Budget)

Rich Bienvenue reminded the Committee that the Rock Harbor Response Boat is now proposed to be funded through a combination of free cash and available tax levy vs. a capital exclusion. Steve Cole noted the fact that Tax Levy sources total \$477.5K vs. the \$400K in the budget. Rich said the Town had additional tax levy which was used for capital. Peter Wade asked what the Solar PV Project is. Rich noted it gives Eastham the opportunity to do energy efficiency projects. We anticipate that Eastham will become a Green Community and we can also use that money for projects requiring matching funds.

- Tom Gardner motioned to recommend to the Town that they approve Article 3B; Russ French seconded.
- **Roll call vote: 8-0**

Article 3C (Lease Purchase Ambulance)

- Mary Shaw motioned to recommend to the Town that they approve Article 3C; George Deptula seconded.
- **Roll call vote: 8-0**

Article 3D (Lease Purchase Quint)

- Russ French motioned to recommend to the Town that they approve Article 3d; Rick Knight seconded.
- **Roll call vote: 8-0**

Article 4 (Free Cash Appropriations)

Rich Bienvenue noted two changes to this Article. The Fund Private Road Fund needs to be \$100K to seed the Thoreau Road project. (The majority of the funds would come from betterments from the homeowners.) The second change is a new line item called Beach and Recreation Enforcement for \$25K. It will be used for both seasonal help and equipment such as cameras to enforce waterskiing and other regulations at Great Pond and elsewhere. This brings the total to \$1,230,000. In response to a later question, Rich noted that if Beach and Recreation Enforcement became a recurring cost, we would put it into the operating budget.

A long discussion about private roads ensued. Jacqui Beebe noted we are faced with a crisis because we have 65 public and private roads that have underground private utilities on them. The Town has no mechanism to help residents on those private roads do a huge infrastructure repair. The Town is asking for special legislation to help those roads get their utilities upgraded. In

response to a question, Jacqui indicated many homeowners do not know they live on a private road with underground utilities. She feels we have a moral obligation to help those who didn't know when they purchased; the use of betterments will allow residents to pay for needed upgrades over time.

In response to a question, Rich Bienvenue indicated we are close to our 15% goal for the Stabilization Fund. Rich will provide additional information on this and what our current OPEB liability is. (It is more than \$30mm). Rich said that once pension is fully funded by 2036, we can shift that funding to OPEB. Jacqui indicated we told the Select Board that we'd prioritize the Stabilization Fund. Once we get to the appropriate level, we can fund OPEB and Capital. Mary Shaw would like investment of the Stabilization Fund to appear on an upcoming agenda.

- George Deptula motioned to recommend to the Town that they approve Article 4; Rick Knight seconded.
- **Roll call vote: 8-0**

Article 5 (Adopt Injury Leave Indemnity Fund)

Jerry Cerasale asked if this would be part of the operating budget going forward. Rich Bienvenue said if this Article is voted in, we'd have to create a policy on how to use the Fund which is intended to provide long-term disability for Public Safety employees. We'd then try to build ongoing funding into the Police and Fire budgets.

- Tom Gardener motioned to recommend to the Town that they approve Article 5; Russ French seconded.
- **Roll call vote: 8-0**

Article 6 (Gold Star Exemption)

Jerry Cerasale asked how many current Gold Star residents in Town. Rich indicated we have one such family in Town whose taxes are ~\$4,000. Steve Cole asks if there a comparable law for the surviving spouses of a deceased service member; there is.

- Mary Shaw motioned to recommend to the Town that they approve Article 6; Russ French seconded.
- **Roll call vote: 8-0**

Article 7 (Authorize Sale of 0 Nauset Light Beach Road)

Jacqui Beebe indicated a property owner asked to purchase this Town-owned parcel in order to be able to move his house back from the coastal dune if/when needed; the Select Board agreed. The price is the assessed value of the land plus Town legal fees.

- Russ French motioned to recommend to the Town that they approve Article 7; Rick Knight seconded.
- **Roll call vote: 8-0**

Article 8 (Authorize Increase in Short-Term Rental Tax)

Rich Bienvenue indicated the only addition to this Article is the date of the original vote – September 29, 1986 at Special Town Meeting. That vote established a 4% excise tax on hotel/motel room rentals which was extended to all short-term rentals and is now proposed to increase to 6%. Mary Shaw asked about the increased revenue. Rich says the Select Board wants to use this additional ~\$300K to fund a Community Support Program. Jacqui Beebe indicated it

may be a program to help residents buy homes through loaned down payments. Committee members had a variety of opinions about how to spend the additional revenue and questioned whether we should propose a tax without further clarity regarding its use.

Jacqui said that Orleans and Provincetown are already at 6% and Wellfleet and Truro have proposed Articles to move to 6% in their Warrants. Jacqui suggests the Committee raise its concerns with the Select Board. In response to a question, Rich said the 4% currently being collected from hotel/motel taxes funds the operating budget. The short-term rental tax goes to free cash to fund reserves, OPEB and capital.

The Committee **deferred voting** on this Article and hopes the Summary, when written, will provide greater clarity.

Article 9 (Home Rule Petition Authorizing the Town of Eastham to Make Permanent Utility Improvements to Private Ways and Assess Betterments Therefor)

Jerry Cerasale noted we already had some discussion on this topic in Article 4. He asked if we need to get bids in emergency situations. Jacqui Beebe said that Eversource has a requirement to use their vendor, so no bids are required. It was noted that this problem stemmed from developers working in the 1960s and 1970s who never gave over the utilities to Eversource. At this point, many of those developers are dead or not in business so it is hard to assess liability.

- Russ French motioned to recommend to the Town that they approve Article 9; George Deptula seconded.
- **Roll call vote: 8-0**

Article 9A (Appropriate for First Year of Private Road/Utility Repair [Thoreau Drive])

The Committee will **defer** voting on this, hoping the need for it will be eliminated, as previously mentioned by Jacqui Beebe.

Article 10 (Authorize Lease Term Up to 30 Years [N. Eastham] for Solar)

Peter Wade sent background articles to Committee members that discussed the advisability of cutting trees to make room for solar panels. Experts suggest putting panels on roofs and already cleared areas. Some Committee members are concerned about the number of parcels/acres indicated in this Article and would like to see a better map. Rich Bienvenue indicates the District G Wellhouse project will only put solar panels on a previously disturbed area west of the Wellhouse near the Eversource easement, and would only use 3-5 acres, probably closer to 3. He will get back to Committee with a map. Jerry Cerasale has heard from general public on this topic supporting Peter's position. Rich noted that Town Meeting approval is needed for projects on open land, not roofs. The proposed canopies at Town Hall and the DPW are considered land. It is hard to understand the financial implications of solar projects as they depend on timing and the rebates/tax incentives the developers can take advantage of and pass along to towns. The Select Board will review and approve each proposed project and the town will use our regular zoning and permitting processes in implementing them. Jacqui Beebe noted there is a lot of pressure from the community to get to net zero emissions.

The Committee **deferred** voting on this Article until it could obtain additional information

Articles 11, 12 and 13 were **deferred** as they are not yet complete.

Article 14 (Community Preservation Committee Recommended Appropriations, Reservations and Projects)

- Mary Shaw motioned to recommend to the Town that they approve Article 14, Section A and Sections C-H; Russ French seconded.
- **Roll call vote: 8-0**
- Peter Wade motioned to recommend to the Town that they approve Article 14, Section B; Tom Gardner seconded.
- **Roll call vote: 7-0-1 (Steve Cole recused himself)**

New Business

The next meeting to review the final Warrant will be Wednesday, April 28, 201 at 4:00 PM.

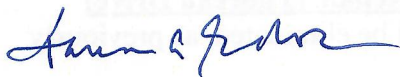
Adjournment:

As there was no additional new business, Steve Cole motioned to adjourn the meeting; Tom Gardner seconded.

- **Roll call vote: 8-0**

The meeting was adjourned at 7:07 PM.

Respectfully submitted,



Karen Erdos